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Volume 4

MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA

July 1960

AUG 24 1960

U.S. DEPARTMENT OF AGRICULTURE

Number 12

Released Pursuant to \$1000.27 (j) and \$1000.85, USDA-AMS
Federal Order No. 100, 3756 Ringgold Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

NEW MILK BASES TO BE FORMED

In accordance with the provisions of Federal Milk Order No. 100, payments to producers on base and excess deliveries will cease with the July payments. The weighted average "blend" price on all milk delivered will be used in making payments to producers for their milk delivery during August 1960 through February 1961.

Starting with milk deliveries from September 1, 1960 through January 31, 1961, producers will establish a new base for the 1961 March through July base and excess pay periods. Daily bases are established by each producer on his deliveries of milk to the market pool plants during the period of September through January, divided by the number of days he delivered or by 120, whichever is the greater. All producers, particularly partnerships, are urged to see that their NEW BASE IS ESTABLISHED IN THE CORRECT NAME. Please notify this office immediately of any name change from your present payroll account.

MARKET SUMMARY - JULY 1960

The Chattanooga Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 4.0% are: Base Milk \$5.03, Excess Milk \$3.02. The butterfat differential is 7.2 cents for each one-tenth of one percent above or below 4.0%.

During July 82.4% of the total producer milk was priced in Class I at \$5.25 per cwt. with a butterfat differential of 7.5 cents and 17.6% priced in Class II at \$3.06 per cwt. with a butterfat differential of 6.7 cents. The percent of producer skim and butterfat priced in Class I was 82.8% and 71.6% respectively. Base milk was 90.5% and excess milk was 9.5% of the total producer deliveries. All excess milk and 9.0% of base milk was priced in Class II and 91.0% of base milk was priced in Class I.

The daily average deliveries of producer milk during July increased 0.4% compared with June and increased 0.2% compared with July 1959. The daily average use of Class I milk decreased 0.2% compared with June and decreased 1.4% compared with July 1959. The daily average base delivered was 85.0% of the established base. Farm tank producers delivered 83.1% of July total producer milk compared to 63.5% during July 1959.

NUMBER OF FARM PAYROLL ACCOUNTS

	1959		1960										
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Can	311	264	246	218	203	198	185	178	167	164	162	157	152
Tank	418	478	486	503	513	515	528	526	534	538	535	538	538
Total	729	742	732	721	716	713	713	704	701	702	697	695	690
New	0	20	5	4	2	3	5	1	0	3	0	2	3
Quit	9	7	15	15	7	6	5	10	3	2	5	4	8

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>July '60</u>	<u>June '60</u>	<u>July '59</u>
Number of Plants (Pool and Non-Pool)	19	19	19
GROSS RECEIPTS (DAILY)			
Producer Milk - Cans	66,003	69,151	142,638
Producer Milk - Bulk Tank	325,604	320,911	248,089
Total Producer Milk Pounds	391,607	390,062	390,727
% July '60 compared with:	100.0	100.4	100.2
Other Source Milk Pounds	10,216	8,847	7,710
Other Order Milk Pounds	6,950	7,779	29,173
<u>TOTAL RECEIPTS MILK POUNDS</u>	<u>408,773</u>	<u>406,688</u>	<u>427,610</u>
% July '60 compared with:	100.0	100.5	95.6
GROSS UTILIZATION (DAILY)			
Class I Milk Pounds:			
Fluid Milk	265,446	266,758	265,129
Buttermilk	38,486	39,516	39,196
Chocolate Milk	8,815	8,422	8,367
Fluid Skim	9,289	9,512	7,978
Fluid Creams	2,396	2,455	2,189
Bulk to Non-Handlers	1,157	902	7,128
Class I Shrinkage	1,921	475	1,700
Inventory Reclassification	(562)	(333)	(146)
Overstated Sales	-	-	-
Total Class I Milk	326,948	327,707	331,541
% July '60 compared with:	100.0	99.8	98.6
Class II Milk Pounds (Used to Produce)			
Butter	1,083	1,161	965
Cottage Cheese	13,332	14,573	14,415
Powdered and Condensed Milk	31,226	32,981	40,360
Ice Cream	22,392	22,613	30,769
Inventory Variation	4,356	(2,909)	(549)
Other	9,436	10,562	10,109
Total Class II Milk	81,825	78,981	96,069
% July '60 compared with:	100.0	103.6	85.2
<u>TOTAL UTILIZATION CL.I AND CL.II MILK LBS.</u>	<u>408,773</u>	<u>406,688</u>	<u>427,610</u>
% Producer Milk of Gross Class I	119.8	119.0	117.9
% Delivered Base of Gross Class I	108.4	109.9	103.7
% Delivered Base priced in Class I	91.0	89.5	87.7
% Producer Milk Priced in Class I	82.4	82.7	77.2

AUGUST 1960 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Aug. '60</u>	<u>July '60</u>	<u>Aug. '59</u>
Basic Formula (See page 4)	\$3.37	\$3.36	\$3.35
Plus (\$ 1000.51 (a)(1))	1.75	1.75	1.75
Supply-Demand Adjustment	0.14	0.14	0.00
Class I Price, 4.0% Butterfat	\$5.26	\$5.25	\$5.10
Per \$ 1000.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: June and July			
Supply: Lbs. Producer Milk (June 11,701,861 and July 12,139,802)			23,841,663
Demand: Lbs. Net Class I Milk (June 9,714,645 and July 10,022,128)			19,736,773
Utilization Percentage: Producer milk divided by Class I			121
Standard Utilization Percentage: Range 128-132			128
Net Deviation Percentage: Utilization minus Standard Utilization minus			7
Supply-Demand Adjustment: 2 cents x 7 percentage points		plus	\$0.14

Since the supply in relation to the demand is less than the desired standard, the price is increased 14 cents per hundredweight (2 cents x 7 percentage points).

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR JULY 1960

Based on 19 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test %	Cwt. Price @ Test	Value
Gross Class I		10,135,375	3.508		
Less Other Source		137,350	1.777		
Producer Milk Class I	82.4	9,998,025	3.531357	4.898518	\$489,755.05
Gross Class II		2,536,570	5.666		
Less Other Source		394,793	0.968		
Producer Milk Class II	17.6	2,141,777	6.532473	4.756757	101,879.13
TOTAL PROD. (Cl. I + Cl. II)	100.0	12,139,802	4.060832		591,634.18
Add Fractional Adjustment					.01
Add Compensatory Payment Value					166.80
Add Overage Value					354.37
Add Inventory Reclassification Value					327.96
Add $\frac{1}{2}$ Prod.-Settlement Fund Reserve					5,809.40
TOTAL VALUE AT TEST		12,139,802	4.060832		598,292.72
Less Test Over 4% @ 7.2¢ per point		12,139,802	.060832	0.043799	5,317.11
TOTAL PRODUCER MILK VALUE AT 4% TEST		12,139,802	4.0		592,975.61
		Pounds	Price 4%	Amount	
Excess Producer Milk - Class I		-	-	-	
Excess Producer Milk - Class II		1,149,403	\$3.06	\$35,171.73	
Total Excess Producer Milk		1,149,403	3.06	35,171.73	
Less Prod.-Settlement Fund Res. @ 4¢		1,149,403	.04		459.76
UNIFORM EXCESS PRICE f.o.b. plant @ 4%		1,149,403	3.02		34,711.97
Value of Base Milk (Total less Excess)		10,990,399	5.075374		557,803.88
Less Producer-Settlement Fund Reserve		10,990,399	.045374		4,986.78
UNIFORM BASE PRICE f.o.b. plant @ 4%		10,990,399	\$5.03		\$552,817.10

JULY 1960 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICE		TEST %	PRICE		TEST %	PRICE	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0%	\$4.31	\$2.30	4.0%	\$5.03	\$3.02	5.0%	\$5.75	\$3.74
3.05	4.346	2.336	4.05	5.066	3.056	5.05	5.786	3.776
3.1	4.382	2.372	4.1	5.102	3.092	5.1	5.822	3.812
3.15	4.418	2.408	4.15	5.138	3.128	5.15	5.858	3.848
3.2	4.454	2.444	4.2	5.174	3.164	5.2	5.894	3.884
3.25	4.49	2.48	4.25	5.21	3.20	5.25	5.93	3.92
3.3	4.526	2.516	4.3	5.246	3.236	5.3	5.966	3.956
3.35	4.562	2.552	4.35	5.282	3.272	5.35	6.002	3.992
3.4	4.598	2.588	4.4	5.318	3.308	5.4	6.038	4.028
3.45	4.634	2.624	4.45	5.354	3.344	5.45	6.074	4.064
3.5	4.67	2.66	4.5	5.39	3.38	5.5	6.11	4.10
3.55	4.706	2.696	4.55	5.426	3.416	5.55	6.146	4.136
3.6	4.742	2.732	4.6	5.462	3.452	5.6	6.182	4.172
3.65	4.778	2.768	4.65	5.498	3.488	5.65	6.218	4.208
3.7	4.814	2.804	4.7	5.534	3.524	5.7	6.254	4.244
3.75	4.85	2.84	4.75	5.57	3.56	5.75	6.29	4.28
3.8	4.886	2.876	4.8	5.606	3.596	5.8	6.326	4.316
3.85	4.922	2.912	4.85	5.642	3.632	5.85	6.362	4.352
3.9	4.958	2.948	4.9	5.678	3.668	5.9	6.398	4.388
3.95	4.994	2.984	4.95	5.714	3.704	5.95	6.434	4.424

MILK SAMPLES TESTED - Composite 154, Fresh 5,498, Finished Products 256.

SUMMARY OF CHATTANOOGA ORDER MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES ^{1/} Per Hundredweight				HANDLER CLASS PRICES ^{1/}			
	Uniform	Base	Excess	Bf.Dif.	Class I		Class II	
					Cwt.	Bf.Dif	Cwt.	Bf.Dif.
July '59	\$4.61 ^{2/}	\$4.83	\$2.99	7.2¢	\$5.10	7.5¢	\$3.03	6.7¢
Aug.	4.58	-	-	7.4	5.10	7.5	3.04	6.9
Sept.	4.77	-	-	7.6	5.04	7.8	3.57	7.2
Oct.	4.94	-	-	8.0	5.14	8.2	3.59	7.2
Nov.	5.08	-	-	7.8	5.36	8.1	3.67	7.4
Dec.	5.12	-	-	8.0	5.48	8.3	3.57	7.1
Jan. '60	4.96	-	-	7.6	5.34	8.0	3.38	6.7
Feb.	4.96	-	-	7.2	5.26	7.5	3.21	6.7
Mar.	5.07 ^{2/}	5.18	3.15	7.4	5.25	7.5	3.19	6.7
Apr.	4.93 ^{2/}	5.18	3.05	7.2	5.40	7.5	3.09	6.7
May	4.73 ^{2/}	4.96	3.02	7.2	5.34	7.5	3.06	6.7
June	4.83 ^{2/}	4.98	3.02	7.2	5.23	7.5	3.06	6.7
July	4.84 ^{2/}	5.03	3.02	7.2	5.25	7.5	3.06	6.7
Aug.	-	-	-	-	5.26	7.5	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS (\$-cwt-4%)				Highest or Basic Formula \$-cwt-4%
	Mid-West Cond.	Chi. 92° Butter	Chi. Area Powders	Wisc. Cheese	Mid-West Cond.	Butter Cheese	Butter Powder	4 Tenn. Milk Mfg.	
	\$-cwt-3.5%	¢ Lb.	¢ Lb.	¢ Lb.	Cond.	Cheese	Cheese	Milk	
July '59	2.933	58.026	12.645	31.100	3.29	3.14	3.35	3.03	3.35
Aug.	2.965	60.190	12.820	31.531	3.34	3.24	3.45	3.04	3.45
Sept.	3.015	62.730	12.890	31.692	3.39	3.36	3.57	3.10	3.57
Oct.	3.098	62.360	13.070	31.875	3.50	3.35	3.59	3.13	3.59
Nov.	3.146	63.930	13.025	33.688	3.54	3.45	3.67	3.18	3.67
Dec.	3.154	61.870	13.190	34.750	3.55	3.38	3.57	3.20	3.57
Jan. '60	3.128	57.962	13.250	34.750	3.51	3.20	3.38	3.21	3.51
Feb.	3.119	57.976	13.205	34.750	3.48	3.20	3.38	3.21	3.48
Mar.	3.095	57.970	13.070	34.750	3.47	3.20	3.38	3.19	3.47
Apr.	3.032	57.974	12.975	32.350	3.39	3.16	3.35	3.09	3.39
May	2.998	57.944	12.800	32.000	3.36	3.15	3.34	3.06	3.36
June	3.000	57.974	12.755	32.000	3.36	3.15	3.35	3.06	3.36
July	3.014	57.988	12.710	32.000	3.37	3.16	3.35	3.06	3.37

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS MILK POUNDS 3/					Number of		Deliveries Per Farm--Pounds			Prod. Milk
	Gross Cl. I	Prod. Cl. I	Prod. Rcpts.	Base Rcpts.	Gross Rcpts.	Hdlr.	Prod.	Prod.	Base	Exc.	Test %
July '59	331,541	301,520	390,727	343,678	427,610	19	729	536	471	65	4.10
Aug.	342,026	311,661	411,167	-	447,707	19	742	554	-	-	4.07
Sept.	393,150	362,439	438,703	-	475,704	19	732	599	-	-	4.13
Oct.	387,831	374,731	415,281	-	436,355	19	721	576	-	-	4.30
Nov.	361,259	349,558	410,745	-	429,673	19	716	574	-	-	4.46
Dec.	353,852	349,128	409,090	-	423,765	19	713	574	-	-	4.45
Jan. '60	356,702	352,740	418,024	-	428,067	19	713	586	-	-	4.41
Feb.	366,437	359,974	411,811	-	428,184	19	704	585	-	-	4.39
Mar.	365,221	360,667	388,663	369,057	412,087	19	701	554	526	28	4.43
Apr.	364,153	359,231	443,629	393,158	457,813	19	702	632	560	72	4.18
May	335,921	331,315	444,105	390,854	460,542	19	697	637	561	76	4.16
June	327,707	322,535	390,062	360,265	406,688	19	695	561	518	43	4.11
July	326,948	322,517	391,607	354,529	408,773	19	690	568	514	54	4.06

^{1/} Excludes Premiums^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I; Excess is Producer minus Base